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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In Re: Chapter 11  
LEHMAN BROTHERS Case No. 08-13555 (JMP)  
HOLDINGS, INC., et al., (Jointly Administered)  
-----)

\* \* \* HIGHLY CONFIDENTIAL \* \* \*  
DEPOSITION OF MIKE KEEGAN  
New York, New York  
Friday, August 28, 2009

Reported by:  
FRANCIS X. FREDERICK, CSR, RPR, RMR  
JOB NO. 24379

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5 August 28, 2009  
6 8:46 a.m.  
7  
8  
9 HIGHLY CONFIDENTIAL deposition of  
10 MIKE KEEGAN, held at the offices of  
11 Jones Day, 222 East 41st Street, New  
12 York, New York, pursuant to Notice,  
13 before Francis X. Frederick, a Certified  
14 Shorthand Reporter, Registered Merit  
15 Reporter and Notary Public of the States  
16 of New York and New Jersey.  
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Page 4

1  
2 A P P E A R A N C E S : (Cont'd.)  
3 JENNER & BLOCK, LLC  
4 Attorneys for the Examiner  
5 330 N. Wabash Avenue  
6 Chicago, Illinois 60611-7603  
7 BY: DAVID C. LAYDEN, ESQ.  
8  
9 QUINN, EMANUEL, URQUHART, OLIVER &  
10 HEDGES, LLP  
11 Attorneys for the Creditors Committee  
12 51 Madison Avenue - 22nd Floor  
13 New York, New York 10010  
14 BY: ROBERT K. DAKIS, ESQ.  
15  
16  
17 ALSO PRESENT:  
18 RAJESH ANKALKOTI, Alvarez & Marsal  
19  
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Page 3

1  
2 A P P E A R A N C E S :  
3  
4 JONES DAY, LLP  
5 Attorneys for Lehman Brothers, Inc.  
6 222 East 41st Street  
7 New York, New York 10017-6702  
8 BY: JAYANT W. TAMBE, ESQ.  
9 TERRY McMAHON, ESQ.  
10  
11 BOIES SCHILLER & FLEXNER, LLP  
12 Attorneys for Barclays Capital  
13 575 Lexington Avenue - 7th Floor  
14 New York, New York 10022  
15 BY: JACK G. STERN, ESQ.  
16  
17 HUGHES, HUBBARD & REED, LLP  
18 Attorneys for the SIPA Trustee  
19 1175 I Street, N.W.  
20 Washington, D.C. 20006-2401  
21 BY: JOHN F. WOOD, ESQ.  
22 FARA TABATABAI, ESQ.  
23  
24  
25

Page 5

1 M. KEEGAN - HIGHLY CONFIDENTIAL  
2 M I K E K E E G A N, called as a witness,  
3 having been duly sworn by a Notary  
4 Public, was examined and testified as  
5 follows:  
6 EXAMINATION BY  
7 MR. TAMBE:  
8 Q. Good morning, Mr. Keegan. We've  
9 met a few minutes ago. My name is Jay Tambe  
10 and I'm one of the lawyers at Jones Day. We  
11 are counsel -- special counsel to the Lehman  
12 Brothers Holdings estate. With me is my  
13 colleague, Terry McMahon. I'll have the other  
14 lawyers who are sitting at the table introduce  
15 themselves.  
16 MR. WOOD: I'm John Wood from  
17 Hughes Hubbard & Reed and we represent  
18 the SIPA Trustee.  
19 MS. TABATABAI: Fara Tabatabai  
20 also with Hughes Hubbard & Reed.  
21 THE WITNESS: Excuse me. I didn't  
22 hear that.  
23 MS. TABATABAI: Fara Tabatabai  
24 from Hughes Hubbard & Reed.  
25 MR. DAKIS: Robert Dakis from

<p>Page 6</p> <p>1 M. KEEGAN - HIGHLY CONFIDENTIAL</p> <p>2 Quinn, Emanuel, Urquhart, Oliver &amp;</p> <p>3 Hedges for the Official Committee of</p> <p>4 Unsecured Committee.</p> <p>5 MR. LAYDEN: Good morning. David</p> <p>6 Layden from Jenner &amp; Block for the</p> <p>7 Examiner.</p> <p>REDACTED</p>	<p>Page 7</p> <p>1 M. KEEGAN - HIGHLY CONFIDENTIAL</p> <p>REDACTED</p>
<p>Page 8</p> <p>1 M. KEEGAN - HIGHLY CONFIDENTIAL</p> <p>REDACTED</p>	<p>Page 9</p> <p>1 M. KEEGAN - HIGHLY CONFIDENTIAL</p> <p>REDACTED</p>

PAGES 10 – 25 REDACTED

Page 26

1 M. KEEGAN - HIGHLY CONFIDENTIAL

REDACTED

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1 M. KEEGAN - HIGHLY CONFIDENTIAL

2 reach an agreement with Lehman on on valuation

3 were those excluded from the list of assets?

4 A. That's correct.

5 MR. STERN: Let me just pause.

6 I'm sorry. For the reporter. There's a

7 question "And others you didn't." What

8 do you have as the answer?

9 (Discussion held off the record.)

10 BY MR. TAMBE:

11 Q. In round numbers, for the

12 valuation adjustments or haircuts where you

13 did reach an agreement --

14 A. I don't know.

15 Q. \$5 billion?

16 A. No idea.

17 Q. Have you ever heard about a

18 \$5 billion adjustment or mark-down in the book

19 value of Lehman's assets around that period of

20 time?

21 A. No. Again, only in preparation

22 for this deposition. But not otherwise.

23 Q. When you said you proposed

24 haircuts or valuation adjustments to Lehman on

25 Monday, was there a document that had

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1 M. KEEGAN - HIGHLY CONFIDENTIAL

REDACTED

3 Q. You had some concerns about the

4 valuations of the assets on Monday, correct?

5 Lehman's valuations.

6 A. Yeah.

7 Q. And you went back to them and

8 proposed haircuts on these assets.

9 A. Well, we proposed valuation

10 adjustments and haircuts, yes.

11 Q. Do I gather from your answer that

12 on some of the haircuts or valuation

13 adjustments you proposed you reached agreement

14 with Lehman?

15 A. On some of them, yeah.

16 Q. And others you didn't?

17 A. No. Other's they just thought we

18 were nuts.

19 Q. On the ones where you reached an

20 agreement with Lehman as to the haircut or the

21 valuation adjustment, were those included then

22 in the list of assets that Barclays would be

23 purchasing?

24 A. Yes.

25 Q. And the ones that you did not

Page 29

1 M. KEEGAN - HIGHLY CONFIDENTIAL

2 asset-by-asset proposed mark-downs?

3 A. Yeah. There was a period -- there

4 was an asset -- there was asset-by-asset where

5 we thought we had problems with valuations.

6 But then there was also a summary where we

7 just said that, you know, we're talking so

8 much -- you know, we're taking on so much

9 inventory, the market is melting down, you

10 aren't getting your hands on it till Thursday.

11 You know, what do you need to protect yourself

12 between now and Thursday or Friday. So we can

13 manage the assets if the deal closes, right?

14 So that was the Monday night

15 process. And I have no idea what the number

16 actually added up to. We weren't targeting a

17 number or anything like that. We were just

18 saying based on this type of asset, based on

19 what's going on in the market, how much

20 protection do you think you need between then.

21 Q. Just to get a better understanding

22 of your proposal that Barclays made, was it by

23 asset category or was it even more granular,

24 particular asset by asset?

25 MR. STERN: Objection to the form.

<p style="text-align: right;">Page 30</p> <p>1 M. KEEGAN - HIGHLY CONFIDENTIAL</p> <p>2 <b>Q. Do you understand my question?</b></p> <p>3 A. Ask it again. Or repeat it.</p> <p>4 <b>Q. The question I'm asking --</b></p> <p>5 MR. STERN: I'm objecting to the</p> <p>6 proposal term.</p> <p>7 MR. TAMBE: That's fine.</p> <p>8 <b>Q. You proposed some haircuts or</b></p> <p>9 <b>valuation adjustments, right?</b></p> <p>10 A. Yeah. By category we said we</p> <p>11 think we need --</p> <p>12 <b>Q. When I use the word proposal</b></p> <p>13 <b>that's what I'm talking about, okay?</b></p> <p>14 A. Okay.</p> <p>15 <b>Q. That proposal. Was it by asset</b></p> <p>16 <b>category or by specific asset?</b></p> <p>17 A. If we had a valuation adjustment</p> <p>18 it was by asset. And if we had a haircut it</p> <p>19 was by category.</p> <p style="text-align: center;">REDACTED</p>	<p style="text-align: right;">Page 31</p> <p>1 M. KEEGAN - HIGHLY CONFIDENTIAL</p> <p style="text-align: center;">REDACTED</p>
<p style="text-align: right;">Page 32</p> <p>1 M. KEEGAN - HIGHLY CONFIDENTIAL</p> <p style="text-align: center;">REDACTED</p>	<p style="text-align: right;">Page 33</p> <p>1 M. KEEGAN - HIGHLY CONFIDENTIAL</p> <p style="text-align: center;">REDACTED</p>

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1 M. KEEGAN - HIGHLY CONFIDENTIAL

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1 M. KEEGAN - HIGHLY CONFIDENTIAL

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1 M. KEEGAN - HIGHLY CONFIDENTIAL

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(Time Noted: 12:39 p.m.)

MIKE KEEGAN

Subscribed and sworn to before me  
this \_\_\_\_ day of \_\_\_\_\_, 2009.

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1 CERTIFICATE  
2 STATE OF NEW YORK )  
3 : ss.  
4 COUNTY OF NEW YORK )  
5 I, FRANCIS X. FREDERICK, a Notary  
6 Public within and for the State of New  
7 York, do hereby certify:  
8 That MIKE KEEGAN, the witness  
9 whose deposition is hereinbefore set  
10 forth, was duly sworn by me and that  
11 such deposition is a true record of the  
12 testimony given by the witness.  
13 I further certify that I am not  
14 related to any of the parties to this  
15 action by blood or marriage, and that I  
16 am in no way interested in the outcome  
17 of this matter.  
18 IN WITNESS WHEREOF, I have  
19 hereunto set my hand this 28th day of  
20 August, 2009.  
21  
22 FRANCIS X. FREDERICK  
23  
24  
25

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<p>1</p> <p>2 ----- I N D E X -----</p> <p>3 WITNESS EXAMINATION BY PAGE</p> <p>4 MIKE KEEGAN MR. TAMBE 5, 146</p> <p>5 MR. WOOD 119</p> <p>6 MR. DAKIS 135</p> <p>7 MR. STERN 141</p> <p>8</p> <p>9</p> <p>10</p> <p>11 ----- INFORMATION REQUESTS -----</p> <p>12 DIRECTIONS: 146, 147, 147</p> <p>13 RULINGS: NONE</p> <p>14 TO BE FURNISHED: NONE</p> <p>15 REQUESTS: NONE</p> <p>16 MOTIONS: NONE</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>1</p> <p>2 ----- EXHIBITS -----</p> <p>3 EXHIBIT FOR ID.</p> <p>4 Exhibit 294A</p> <p>5 document bearing production</p> <p>6 number BCI-EX-(S)-00035155..... 47</p> <p>7 Exhibit 295A</p> <p>8 document bearing production</p> <p>9 number BCI-EX-(S)-00035143..... 49</p> <p>10 Exhibit 296A</p> <p>11 document bearing production</p> <p>12 number BCI-EX-(S)-00035440..... 52</p> <p>13 Exhibit 297A</p> <p>14 document bearing production</p> <p>15 numbers BCI-EX-(S)-00035441</p> <p>16 through BCI-EX-(S)-00035442..... 55</p> <p>17 EXHIBIT 298A</p> <p>18 Document bearing production</p> <p>19 number BCI-EX-(S)-00035491.....56</p> <p>20 Exhibit 299A</p> <p>21 document bearing production</p> <p>22 numbers BCI-EX-(S)-00035619</p> <p>23 through BCI-EX-(S)-00035620..... 63</p> <p>24 Exhibit 300A</p> <p>25 document bearing production</p> <p>number BCI-EX-(S)-00036005..... 68</p>
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NAME OF CASE: IN RE: LEHMAN BROTHERS  
DATE OF DEPOSITION: AUGUST 28, 2009  
NAME OF WITNESS: MIKE KEEGAN

Reason codes:

1. To clarify the record.
2. To conform to the facts.
3. To correct transcription errors.

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MIKE KEEGAN